

Title: Valuation Factors – Biopharmaceutical and Hi-Tech Equipment - BCP No. 6

Purpose: To address the county assessors' need for a study to address concerns regarding the current biopharmaceutical and hi-tech equipment valuation and assessment factors.

Summary: Industry representatives have recently expressed interest for the BOE to review current data to validate or update the information contained in Assessor's Handbook Section 58I, *Equipment Index and Percent Good Factors* (AH 581) relative to the valuation of biopharmaceutical equipment and fixtures, and non-production computer and semiconductor manufacturing equipment. The team will conduct and develop valuation factors and it will consist of a newly established Principal Property Appraiser and a newly established Senior Specialist Property Appraiser, industry representatives, county assessors, and other interested parties. The Assessment Policy and Standards Division of the Property and Special Taxes Department will distribute the valuation factors resulting from this BCP to county assessors and other interested parties to facilitate uniform assessment practices within the State of California.

Alternatives:

1. Appropriate funding to create the valuation team and establish the necessary new positions.
 - a. Total Resources Needed:
 - 2.0 two-year limited-term positions and \$264,000 in FY 2006-07
 - \$239,000 in FY 2007-08
 - b. Benefit-to-Cost Ratio: Not Applicable.
2. Appropriate funding to secure a consultant to conduct the study.
 - a. Total Resources Needed:
 - \$500,000 in FY 2006-07
 - b. Benefit-to-Cost Ratio: Not Applicable.
3. Continue using existing valuation factors.
 - a. Requires no augmentation
 - b. Benefit-to-Cost Ratio: Not Applicable.

Staff Recommendation:

Approve Alternative 1: Appropriate funding to create the valuation team and establish the necessary new positions.